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Before the
Federal Communications Commission
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of)

Revision of Filing Requirements)

CC Docket No. 96-20
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REPLY COMMENTS OF BELL ATLANTIC¹

All the parties support the Commission's proposals² to eliminate unnecessary or redundant filing requirements and many, like Bell Atlantic, propose additional filings than can be eliminated. One party, however, wants to replace one unnecessary filing requirement with another.³ CompTel asks the Commission to require the Bell operating companies ("BOCs") to file copies of all billing and collection contracts with their affiliates. That proposal should be denied. Provisions of the Telecommunications Act of 1996 ("1996 Act") and of existing Commission rules make such filings unnecessary.

CompTel acknowledges that the existing requirement to file a list of billing and collection contracts is unnecessary.⁴ However, it asserts that the Commission and the public

¹ The Bell Atlantic telephone companies ("Bell Atlantic") are Bell Atlantic-Delaware, Inc.; Bell Atlantic-Maryland, Inc.; Bell Atlantic-New Jersey, Inc.; Bell Atlantic-Pennsylvania, Inc.; Bell Atlantic-Virginia, Inc.; Bell Atlantic-Washington, D.C., Inc.; and Bell Atlantic-West Virginia, Inc.

² *Notice of Proposed Rulemaking*, FCC 96-64 (rel. Feb. 27, 1996).

³ Comments of the Competitive Telecommunications Association (filed Apr. 8, 1996) ("CompTel").

⁴ *Id.* at 2.

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need copies of billing and collection contracts entered into between the BOCs and their affiliates to prevent preferential treatment.⁵ CompTel's basic premise, that the Commission should regulate billing and collection, is flawed, as shown below. Moreover, to the extent any oversight is needed, other provisions of law are more than adequate.

Section 272(b)(5) of the Communications Act, added in the 1996 Act, requires that all transactions between a BOC and a separate affiliate that are mandated by the Act must be made available for public inspection.⁶ This provision ensures public availability of all contracts, including billing and collection contracts, with subsidiaries offering manufacturing, in-region long distance, and interLATA information services.⁷ Competitors, such as CompTel's members, will have the right to review those contracts and bring any concerns to the Commission's attention. Moreover, the statute requires a biennial audit to ensure compliance with the structural separation provisions.⁸ CompTel's members are, therefore, fully protected and its request is unnecessary with respect to contracts with Section 272 separate subsidiaries.

CompTel's members are also fully protected with respect to billing and collection contracts with other affiliates. As the Commission found more than a decade ago, billing and collection services are highly competitive. It held then that "there is sufficient competition to allow market forces to respond to excessive rates or unreasonable billing and collection practices

⁵ *Id.* at 2-3.

⁶ 47 U.S.C. § 272(b)(5).

⁷ 47 U.S.C. § 272(a)(2).

⁸ 47 U.S.C. § 272(d).

on the part of exchange carriers.”⁹ The Commission determined that there are no barriers to entry, and that exchange carriers have no “insurmountable competitive advantage” in provision of billing services.¹⁰ As a result, the Commission detariffed exchange carriers’ billing and collection services in 1986.

CompTel provides no information even purporting to show that those findings are inapplicable today. In fact, in the past ten years, billing services have become even more competitive, with the proliferation of “affinity” credit cards, including those offered by interexchange carriers (“IXCs”) which provide a credit on the subscriber’s long distance bill for purchases made with that IXC’s card. As a result, billing and collection services offered by the BOCs will be competing not just with the billing services of other exchange carriers, but with both new and traditional credit cards and with private billing companies, among others. Competition will ensure that the BOCs cannot overcharge their unaffiliated customers, because those customers have numerous alternatives.

Moreover, the Commission’s existing Joint Cost rules provide that any transactions with affiliates must be reflected in the Cost Allocation Manual and be subjected to an independent outside audit.¹¹ These existing regulations will ensure that the BOCs cannot subsidize from regulated revenues billing and collection services provided to affiliates.

Although CompTel appears to want the Commission to regulate the rates for billing and collection services, the Commission’s only concern should be to ensure that billing

⁹ *Detariffing of Billing and Collection Services*, 102 F.C.C. 2d 1150, 1170 (1986).

¹⁰ *Id.* at 1171.

¹¹ 47 C.F.R. §§ 64.901-904.

and collection services are not being subsidized by ratepayers. If the BOC provides its affiliates with compensatory billing and collection services, it should have no obligation to offer such services to other carriers. If the BOC chooses to offer those services to others and attempts to charge an unaffiliated carrier a high rate for billing and collection services, the carrier will simply obtain such services elsewhere. As CompTel is well aware, several interexchange carriers that previously used the BOCs for their billing and collection are either billing their customers themselves or using other sources. If the BOCs' billing and collection services are not reasonably priced, this trend will accelerate.

Accordingly, CompTel's request for an additional billing and collection filing requirement should be denied.

Respectfully Submitted,

**The Bell Atlantic Telephone
Companies**

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April 23, 1996

CERTIFICATE OF SERVICE

I hereby certify that on this 23rd day of April, 1996 a copy of the foregoing "Reply Comments of Bell Atlantic" was sent via first class mail, postage prepaid, to the parties on the attached list.


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